

Message Text

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ACTION EUR-12

INFO OCT-01 EA-10 ISO-00 SP-02 AID-05 EB-06 NSC-05 RSC-01

CIEP-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00

COME-00 FRB-01 INR-07 NSAE-00 XMB-04 OPIC-06 LAB-03

SIL-01 L-02 H-02 PA-02 PRS-01 USIA-15 /109 W

----- 105984

R 041737Z NOV 74

FM AMEMBASSY BONN

TO SECSTATE WASHDC 6071

INFO AMEMBASSY BERN

AMEMBASSY BRUSSELS

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

USMISSION EC BRUSSELS

USMISSION OECD PARIS

AMCONSUL FRANKFURT

UNCLAS SECTION 01 OF 02 BONN 17265

DEPARTMENT PASS TREASURY AND FEDERAL RESERVE

E.O. 11652: N/A

TAGS: EFIN, GW

SUBJECT: FINANCIAL DEVELOPMENTS (WEEK ENDING NOVEMBER 1)

1. FOREIGN EXCHANGE MARKET: DURING THE REPORTING WEEK
SPOT AND FORWARD DOLLARS DEVELOPED AS FOLLOWS:

FORWARD DOLLARS
(DISCOUNTS IN PCT.P.A.)

SPOT DOLLARS ONE-MONTH THREE-MONTH

OCT 25 DM 2.5702 0.7 0.8

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28 2.5773 0.5 0.5

29	2.5721	0.9	0.8
30	2.5739	0.2	0.8
31	2.5798	0.2	0.9
NOV 1	2.5745	1.2	0.9

WITHIN THE JOINT FLOAT THE WEAKNESS OF THE DEUTSCHE-MARK CONTINUED. WITH THE EXCEPTION OF THE NORWEGIAN CROWN ALL CURRENCIES REMAINED ABOVE THEIR DEUTSCHEMARK CENTRAL RATES. THE BELGIAN FRANC AND THE DANISH CROWN WERE NEAR BUT DID NOT REACH THEIR UPPER DEUTSCHEMARK INTERVENTION RATES.

2. MONEY MARKET: CALL AND ONE-MONTH MONEY RATES EASED SOMEWHAT WHEREAS THREE-MONTH MONEY RATES REMAINED TIGHT. DURING THE REPORTING WEEK FRANKFURT INTER-BANK MONEY RATES DEVELOPED AS FOLLOWS:

CALL MONEY ONE-MONTH MONEY THREE-MONTH MONEY

OCT 25	8.5-8.8	8.8-9.1	9.4-9.7
28	8.5-8.7	8.9-9.2	9.5-9.7
29	8.5-8.7	8.8-9.1	9.4-9.7
30	8.5-8.7	8.9-9.2	9.5-9.7
31	8.5-8.6	8.9-9.2	9.4-9.7
NOV 1	8.5-8.6	8.7-9.0	9.4-9.7

3. MONETARY RESERVES: IN THE THIRD WEEK OF OCTOBER (OCTOBER 16-23) BUNDESBANK MONETARY RESERVES DECLINED BY DM 0.2 BILLION TO DM 87.0 BILLION. HOLDINGS OF LIQUID FOREIGN EXCHANGE FELL BY DM 95 MILLION WHILE GROSS LIABILITIES INCREASED BY DM 104 MILLION.

4. BANK LIQUIDITY: IN THE THIRD WEEK OF OCTOBER BANK LIQUIDITY DECLINED BY DM 2.1 BILLION. THE MAJOR FACTOR REDUCING LIQUIDITY WAS THE LARGE INCREASE

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INFO OCT-01 EA-10 ISO-00 SP-02 AID-05 EB-06 NSC-05 RSC-01

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SIL-01 L-02 H-02 PA-02 PRS-01 USIA-15 /109 W

----- 105995

R 041737Z NOV 74

FM AMEMBASSY BONN

TO SECSTATE WASHDC 6072

INFO AMEMBASSY BERN

AMEMBASSY BRUSSELS

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

USMISSION EC BRUSSELS

USMISSION OECD PARIS

AMCONSUL FRANKFURT

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(DM 4.9 BILLION) IN OFFICIAL ASSETS HELD AT THE BUNDES-
BANK. THIS INCREASE WAS PRINCIPALLY DUE TO TAX
PAYMENTS. THE ABOVE-MENTIONED DECLINE IN MONETARY
RESERVES AND OTHER FACTORS (DM 0.2 BILLION, NET) CON-
TRIBUTED. LIQUIDITY WAS INCREASED BY A DM 2.5 BILLION
DECLINE IN CURRENCY IN CIRCULATION AND A DM 0.7 BIL-
LION REDUCTION OF BANKS' RESERVE HOLDINGS HELD AT THE
BUNDESBANK. BANKS FINANCED THE LIQUIDITY LOSS BY IN-
CREASING LOMBARD BORROWINGS AT THE BUNDESBANK BY
DM 2.0 BILLION AND RAISING REDISCOUNT BORROWINGS BY
DM 0.1 BILLION.

5. BOND MARKET: DURING THE REPORTING WEEK BOND PRICES
WERE RELATIVELY STABLE. THE FAZ AVERAGE YIELDS TO
MATURITY OF OUTSTANDING DOMESTIC BONDS DEVELOPED AS
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FOLLOWS:

8 PERCENT 7 PERCENT 6 PERCENT

OCT 25	11.30	11.14	10.62
28	11.28	11.12	10.63
29	11.27	11.10	10.59
30	11.27	11.10	10.57
31	11.26	11.09	10.56
NOV 1	11.42	11.09	10.70

HILLENBRAND

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Message Attributes

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Disposition Approved on Date:
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Disposition Reason:
Disposition Remarks:
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30 JUN 2005

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Subject: FINANCIAL DEVELOPMENTS (WEEK ENDING NOVEMB- BER 1)
TAGS: EFIN, GE
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005